

Mortgage Arrears **Advice Service** **(MAAS)**

Annual report 2011 / 2012

Dudley Citizens Advice Bureaux

In partnership with
Dudley Council's Homelessness Service



Introduction

Service and Objectives

The Mortgage Arrears Advice Service (MAAS) project provided by Dudley District Citizens Advice continues to provide a responsive and effective advice service for individuals threatened with homelessness due to mortgage arrears. The Project offers advice in CAB bureaux in the north and south of the Borough. Statistics show we are reaching the most vulnerable group of clients where financial capability is a problem. MAAS operates by way of an appointment system via an administration line that is publicised around the Borough. The Project administrator makes a preliminary telephone call to the client to assess the urgency of the client's issue and makes an appointment with a MAAS caseworker.

During the year **409** households / clients were referred to MAAS from a variety of sources. Of these, a further 365 dependants and 353 non-dependants were resident.

229 households / clients were recorded in line with Local Authority Best Value Performance Indicators (BVPI 213) which show that prevention from homelessness is sustainable for a minimum of 6 months. This figure represents 35% of homelessness preventions for Dudley MBC this year. 223 dependants and 216 non-dependants were resident in the properties showing that the Project helped **668 individuals** facing potential homelessness. These individuals may have needed to present themselves as homeless to Dudley MBC during the year without the assistance from the MAAS service.

Client Satisfaction Surveys*

Annual satisfaction surveys conducted throughout Dudley District Bureaux showed 100% of clients referred to MAAS during 11/12 were satisfied with the service, with such comments as;

"..Adviser very helpful.." "..Put my mind at rest.." "..Unbelievable, put me at ease.."

(*Further details relating to the Client Satisfaction Surveys are at the end of the report.)

Staffing

Frankie Daniels continues to take a lead on the Project with the help of a second part time caseworker, Frankie trained the second caseworker during April and May 2011 enabling both caseworkers to see clients from June. Dudley District CABx provides additional hours from a Project administrator to assist the caseworkers and ensure that the client is contacted within a few days of them contacting the service.

Quality

The importance of an accredited level of expertise for advice is crucial as problems for our clients become more complex.

Frankie Daniels has been in post since the Project began and has a wealth of experience. This continuity is of clear value to our clients but also to support new members to the team. Both advisers have kept up to date with training around changes in legislation particularly with changes to benefits and the implementation of Welfare Reform.

It remains of the highest priority for Dudley District CABx to ensure the advice, information and assistance we give to our clients is the best we possibly can give.

On 8th March 2012 the **Welfare Reform Bill** received Royal Assent and became law. It will bring with it many major changes that will affect many clients over the next two years. The replacement of Disability Living Allowance with the **Personal Independence Payment**, changes to **Tax Credits**, changes to **Housing Benefit** and **Local Housing Allowance**, the introduction of the **Universal Credit** and the **Benefits Cap** are all likely to lead to an increased demand for high quality, accurate advice from our clients

Our advisers will be attending upcoming training sessions on the impact of these changes and they will continue to network extensively with partners and service users, to share experiences and to benefit from their practical knowledge and experiences.

Training

During 11/12, both caseworkers attended various in house CAB benefit training courses and specific mortgage arrears prevention courses run by the Money Advice Trust. The project supervisor Frankie Daniels also continued to attend the Quarterly MRS briefings arranged by Orbit (RSL for the MRS programme in the Dudley Borough) and our Quarterly Steering Group Meetings with Dudley HPRT/HAT. Attention continues to be paid to any updates via the Council of Mortgage Lenders, Shelter, Government websites and any other third party with involvement in this area.

Westminster Briefing

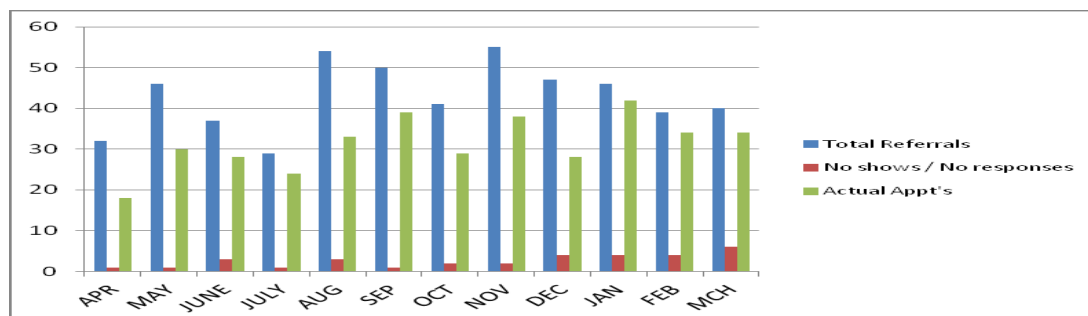
In June 2011, Frankie Daniels was invited to attend a Westminster briefing entitled "Mortgage Support and Repossessions: Advice, Finance and Forbearance." The briefing looked at how councils, RSL's and voluntary agencies could strengthen partnerships and face the tough challenge in providing effective assistance to those in mortgage /secured loan arrears and preventing homelessness. It was clearly apparent that the level and structure of the service already provided by MAAS and the successful relationship between Dudley District CABx, MAAS and Dudley HPRT / HAT was already exceeding that, that invited speakers and parties were suggesting take place.

The project continues to provide a holistic service to its clients, in that referrals were made to other CAB specialists and services to assist the client with other related issues. It is increasingly the case that following an in depth appointment with MAAS workers, a number of issues are identified as well as difficulties with the mortgage or secured loan. It is essential that these are addressed in order for the negotiations with the lender to be successful.

Referrals

409 households / clients were referred to MAAS during the period 11/12. Of these a further 365 dependants and 353 non-dependants were resident.

MAAS was able to discuss options, offer advice, negotiate with lenders, stay or stop enforcement and maximise income. MAAS has potentially assisted **1127 individuals**, to avoid homelessness.



Referrals have remained constant throughout 11/12, primarily due to the following;

- Following the last Q 10/11, and the loss of a 2nd full time caseworker; further funding enabled MAAS to recruit a part time caseworker (28 hours) in April 2011.
- CAB providing a part time (7 hours) administrator (already in situ), to assist with various MAAS admin tasks.
- Continued attention paid to the marketing strategy and promotion of the project through both CAB and Local Authority mediums.

There has been a decrease (2%) on 10/11, although nominal this could be attributed to;

- Time taken for the existing supervisor/caseworker to train the new caseworker, during which there would be a reduction in client numbers able to access MAAS.
- Reduction in admin assistance to the project, which has had impact on the time caseworkers have to complete these tasks, thus reducing number of clients.
- Extended period of sickness for the new caseworker.

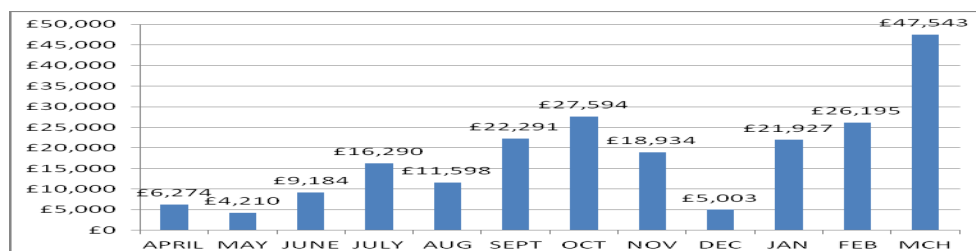
Despite this, the decrease is extremely nominal, however without these events it is felt numbers would have again increased as they have done year on year.

We should note that since the project inception in April 08, there has been an overall increase in referrals of 93%.

MAAS has continued to structure the weekly appointments to allow for 'emergencies'. This means clients facing imminent County Court action (Possession Claims), Eviction Notices, or in a position of vulnerability; can still be seen within 3/5 days.

This also allowed MAAS to continue to provide a holistic service in identifying where any other CAB specialists or local authority service could also assist and making the appropriate referral, if required.

Monies Gained for our clients



Although Dudley District CABx records 'monies gained' for clients via Bureaux intervention, this is generally only recorded for specific projects, should the funder concerned require this information, as per the SLA.

Historically MAAS funders have not required this information, accepting part of the MAAS process is to identify where a client could maximise their incomes, either via improving financial capability or by identifying benefit entitlement.

During the 1st Q 2011, MAAS suggested we start to record 'monies gained' within the report / analysis.

Primarily, to highlight not only the effect of MAAS intervention with clients, lenders, solicitors and the prevention of homelessness, but also to show how MAAS had a direct effect for some clients on maximising their income via benefit uptake, as this was a considerable amount per Q.

During 11/12, MAAS has identified a range of benefit entitlements, for its clients, the total for the year being £217,043.

Benefits identified have covered:

SML - support for mortgage interest	CTC/WTC – child and/or working tax credits
JSA /ESA – jobseekers or employment support allowance	CTB – council tax benefit
IS – income support	DLA – disability living allowance
CB- child benefit	PC – pension credit
	LHA – local housing allowance

Case Study 1 – Benefit gain – complex case

Client aged 60, referred to MAAS via CAB Heart Failure project. Client, who was profoundly deaf and had recently undergone major heart surgery, lived alone.

Client had Payment Protection Insurance (PPI) in place for mortgage payments, but this was due to end.

Client had been using savings to meet all other priorities, but this was now depleted.

Client was appealing against a decision to stop his ESA and stated his payments had stopped 4 weeks previously.

Client also applied for DLA, but declined, as he thought he was appealing this also, but not had response.

Client concerns were, how will he pay his mortgage and priority bills if benefits were not awarded.

Due to the complexity of issues, this client was assisted over 2 appointments, the first being 2 ½ hrs and the 2nd being 1 hour.

Initially it was clear this client did not have all the required up to date paperwork and found it very difficult to manage his finances. He had been assisted by a friend with both his ESA appeal and DLA application, but this friend was now in Australia for 3 months.

After completion of Financial Statement, it was clear once his PPI payment stopped, he would not meet his priorities.

The MAAS adviser completed a full benefit check to ascertain the client's situation after PPI stops and looked at possible options for the client.

Action Taken

- Insurance provider contacted to ascertain PPI date for final payment – confirmed as 21 days time, meaning the next Contractual Mortgage Payment (cmp) would be met, but from the following month the client could not meet the payments.
- DWP contacted, clarified the ESA appeal had been received and was being processed, no decisions. MAAS questioned why payment had stopped, as this should remain in payment at the basic rate whilst the appeal is being processed, MAAS asked for payment to be:
 1. Re-instated immediately
 2. Back dated payments to be released
 MAAS advised client had letters from his consultant confirming he had undergone heart surgery and did not think the client has advised of this in support of his appeal. MAAS suggested we fax this as matter of urgency to be included in the appeal decision – this was completed the same day. We asked that housing costs should also be in payment, following the end date of his PPI – details were given.
- DWP contacted, who clarified the appeal process had not been started, no GL24 received from the client, only his original DLA application, which had been declined. MAAS voiced concerns and advised of client's health situation and letter from consultant as above. MAAS also advised client's vulnerability, not able to express himself on telephone due to hearing difficulty or understanding forms etc without assistance. MAAS requested we fax the consultant letter and asked for the matter to be referred to a re-consideration department – completed the same day. We also requested this is backdated to the original application date and back payments should be released as 'same day payment', as client was in very difficult financial position.
- Council Tax Recovery was contacted as council Tax benefit had also stopped when clients ESA stopped. MAAS advised client's situation in depth and requested Council tax review decision, based on income and repay any back payment to the account. MAAS requested they write to client directly to acknowledge this.
- Mortgage lender contacted to update fully, who agreed minimum 3 month hold, should PPI stop and all of the above not resolved.

MAAS arranged with clients daughter over telephone for a review appointment when she could also be present, allowing time for all of the above to be resolved and client to receive a response. At the review, client advised due to MAAS intervention;

- ESA decision had been reversed, client now in receipt of ESA and also increased as gone into 'support group' Back payment had been made; letter advising housing costs would be in payment, and once confirmation received PPI had ended.
 - DLA, decision had been overturned due to MAAS intervention without going to a lengthy appeal., DLA was in payment and all back payment received.

- Council Tax – back payment had been applied to account resulting in no arrears and client in receipt of full council tax benefit.
- Mortgage Provider has written to client to confirm; they would assist if PPI stopped and could not meet cmp in time, with 3 month stay on account and would cap arrears.

MAAS further contacted client's daughter as a follow up when PPI stopped and ensured the housing costs payments started accordingly.

Outcome

Benefit gain in total was £11,324 pa, including all benefit now payable and any back payments recovered.

Client did not go into arrears with his mortgage or any other priority expenditure and as result can not only maintain all, but has disposable monthly income.

Households Including Dependants and Non-dependants



Although MAAS records each household/client referred, it was recognised early on that this alone was not a true representation of how many potential preventions of homelessness there may have been within each of those households. During 10/11, this was further developed to provide a clear indication of which households had either dependants or non-dependants within (in addition to the client presenting) but had also further been identified as a 'BVPI 213' (a *prevention of homelessness for 6-months or more*).

Overall, 11/12 indicated that not only 409 households (individual clients) presented, but within those households there were a further, 365 dependants and 353 non-dependants.

If we look at that the total number of those presenting (409) and the total number of dependants (365) and non-dependants (353) within all households, MAAS has had some influence on resolving, assisting, negotiating and potentially preventing homelessness for **1127 individuals**.

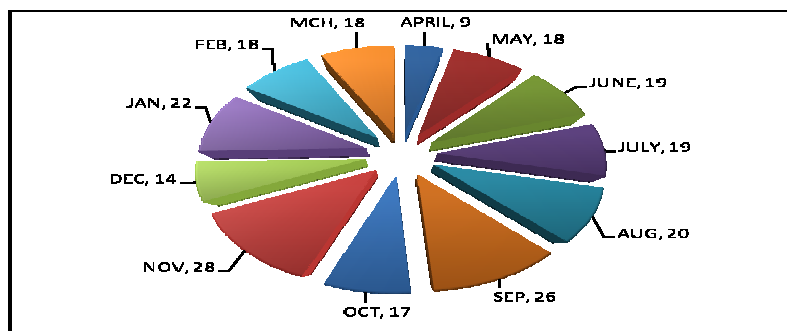
As previously reported, 'non-dependants' continue to be; children still at home after leaving full time education, or returning home due to financial difficulties themselves. Again most were in receipt of some form of benefit entitlement in their own right, with Job Seekers Allowance (JSA) still being the largest group. Neither group were able to contribute significantly to the household financially. Following on from 10/11, there has been a nominal increase (4%) in the number of elderly non-dependants living with clients, although still not significant enough to suggest any trend, we will continue to monitor this. Of the 'dependants' group, these were represented by children, pre-school, school age or on a full time college course.

Prevention of Homelessness (BVPI 213)

MAAS continues to record homelessness preventions in relation to Dudley housing services own Best Value Performance Indicators (BVPI 213). In order to be recorded as such the prevention should be sustainable for a minimum of 6 months.

The MAAS project has contributed 229 individual BVPI's in 11/12; representing 35% of the total homelessness preventions for Dudley District (645). The 229 preventions signify a further increase of 9%, over 10/11.

As reported above, of these 229 households, 223 dependants and 216 non-dependants were also resident.



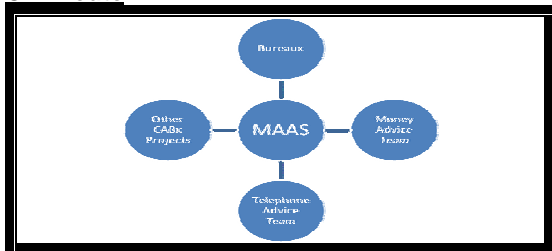
As previously highlighted, not just the client presenting to MAAS (counted as the household), would potentially require homelessness assistance, but the total living within each household.

Through 11/12, **668 individuals (BVPI households only)**, may have faced homelessness without MAAS advice.

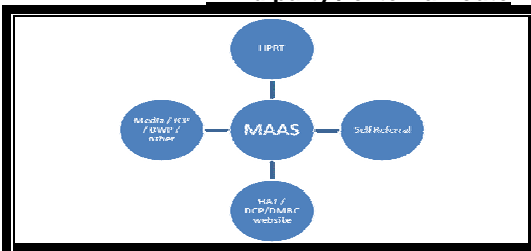
MAAS aims to continue to significantly contribute in reducing the numbers of Dudley residents presenting as 'homeless' to housing services and subsequently reducing the costs of re-housing homeless Dudley residents.

Referral routes into MAAS - 11/12

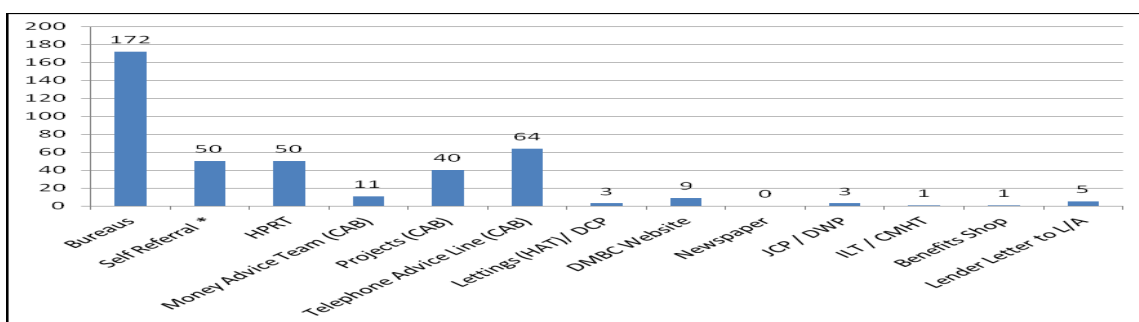
CAB route



Third party / external route



Referral Source 11/12



* Self Referrals - e.g. via leaflet in Library's / Dr's Surgery etc, lender's

Of the 409 clients referred to MAAS in the fourth project year, 42% came directly from Dudley District Bureaux. A further 28% were referred from elsewhere within the district CAB organisation.

Of the remaining referrals;

- 12% came from Dudley's Homelessness Preventions and Response Team (HPRT), an increase of 3% on 10/11.
- 4% further from the DMBC website, DMBC 'lender letter' and HAT/DCP.

As previously reported, the 'low' number of referrals via HPRT / Dudley Council Plus (DCP) sources, all suggest clients approaching MAAS via other means did not need to 'present' at HPRT or DCP and thus, there were fewer clients for HPRT to refer to MAAS.

This continues to work two fold in that, HPRT / DCP see fewer clients and the workload associated with assisting / referring to MAAS decreases, also the client is seen earlier by MAAS and would then only be referred to HPRT, if needing homelessness or MRS assistance; delivering both a more efficient service for the client and more cost effective for housing services.

10/11 saw an increase in the number of referrals via Newspaper/Media. However during 11/12, we cannot attribute any referral to this as a direct source. However, it is possible that some of the 'self' referrals may have approached MAAS as a result of this medium.

As with previous years, MAAS will continue to highlight the service through its own organisation with regular update's at CAB 'workers meetings' and continue to work with local authority funders, to expand provision of the service through marketing campaigns and other mediums.

Levels of Action at Referral

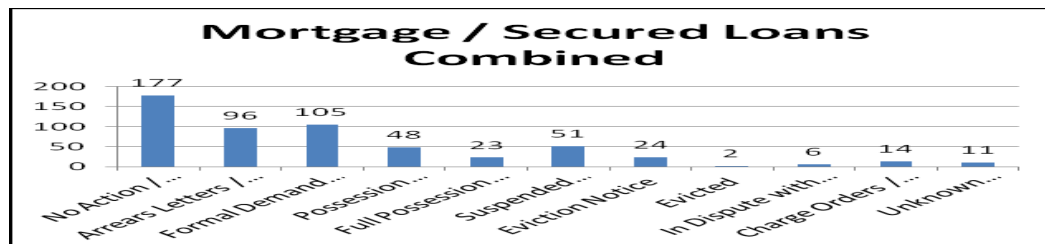
Following on from 10/11, those clients referred to MAAS at the 'preventative stage' (prior to falling into arrears) during 11/12, remains the largest client group at 31% of all referrals. (35% in 10/11)

This may be attributed to;

1. Appointment of 2nd part time Caseworker, to continue to allow MAAS to take preventative clients.
2. Continued adherence of lenders following the 'pre-action protocol' * in ensuring clients in difficulty are assisted and advised to seek independent debt advice via third parties such as CAB.

*Since 19 November 2008, mortgage lenders must follow a pre-action protocol for possession claims based on mortgage arrears. The protocol outlines what the lender and borrower should do before the start of a possession claim.

In general, those presenting after receipt of 'arrears letters / calls', 'formal demand / default notices', and facing 'Possession Hearings' have remained on a par with 10/11 figures (46%). Figures for 11/12 show 44% of all referrals were from these 3 groups.



As 10/11, this still suggests lenders are looking to work with the client for a longer period, either;

1. Prior to starting any 'formal' enforcement, where letters / calls would be made.
2. A longer period of arrears accruing before formal demands / default notices are issued (*pre-action protocol 5.7*)
3. A longer period between issuing the protocol 5.7 and then issuing for Possession.

However, there is a strong argument to suggest, by allowing arrears to accrue and lenders not reaching any resolution during this period, borrowers are less likely to find a way out of enforcement due to the increased level of arrears by the time lenders then issue for Possession.

Through 11/12, referrals show 1st charge lenders were more likely to issue for Possession representing 10% of referrals, against only 2% of 2nd charge lenders. This may be explained due to 1st charge lenders outstanding balance being generally higher than 2nd charge's.

What has become noticeable throughout 11/12 is the number of clients presenting where lenders are threatening to enforce Charge Orders, 14 clients representing 9% of referrals in the secured loan group.

Lenders hope to secure the entire outstanding debt against any asset (property).

The majority of Charge Orders are obtained by previously non priority creditors, following or at the same time as issuing / gaining county court judgments (CCJ's).

In all 14 cases, lenders have been from the sub-prime sector. Lenders have issued demands threatening to enforce, unless previously agreed payment arrangements were met, or where no payment arrangement had been in place. Although MAAS has not seen any lender carry out enforcement, this may be due to 78% of the 14 cases being considered as in Negative Equity; therefore enforcement would not be fruitful at this time.

Clients presenting with Eviction Notices represents 4% of all referrals (24), which is again on a par with 10/11(23).

Of the 24 presenting;

- 2 did not want assistance to stop the Eviction and both had sourced alternative private accommodation.
- 1 did not reside in the property and was living with parents following relationship breakdown.
- 2 failed to come back to MAAS with an outcome, following advice on how to avoid Eviction (these cases were followed up, but clients failed to come back).
- 13 were successful with MAAS assistance in agreeing either payment arrangements for more than 6 months, interest only, alternative product to reduce cmp, reverting back to previous suspended possession order payments, or selling the property with equity.

Only 2 clients presented through 11/12 who had already been evicted from the property;

- One client was already with HPRT and a Case Manager appointed and agreeing temporary duty of care whilst assessing full case.
- The second client did not wish to return to the property due to domestic violence and had found private rented accommodation. This client was advised in relation to the process from Eviction, selling the property and any shortfall to the mortgage and how this is treated.

Case Study 2: Eviction Notice – enforcement stopped

Client referred to MAAS via Bureau. Client 41 lived in sole mortgaged property. Client had several health issues including heart disease, type 1 diabetes and was under extreme stress and suffering from depression. Client was in receipt of ESA, DLA and assistance with housing costs, but could not meet the shortfall. Client stated the mortgage provider was already in possession of a Suspended Possession Order which had been breached and the client had now received an Eviction Notice due to be enforced in 12 days time.

Client has stated the property was put on the market 2 weeks prior to receiving the notice, but the lender would not stop enforcement due to the level of arrears, £13,500 with balance of £59k and only 9 year term remained, with no likelihood the client would return to work in the foreseeable future.

Client asked; could MAAS assist to try and stop the lender enforcing, allowing time to sell?

At the appointment, following MAAS format, a financial statement confirmed the client had a deficit of £130 per month in income.

A benefit check confirmed all entitlements were currently being claimed.

Options were discussed with the client, however MAAS expressed the importance of completing N244 and requesting a hearing to try and stop the eviction taking place and time to sell being given.

MAAS suggested the lender was contacted first, to see if they would reconsider before we completed this process.

Action Taken

- MAAS contacted the mortgage provider, discussed clients circumstances, ill health and suffering with depression, also concern that further strain would impact client's health further. MAAS requested eviction stayed by lender on basis client selling and agree 3 monthly review and client placed on interest only reducing the cmp to level she could maintain, all arrears then to be recovered at time of sale. Lender declined and advised would continue enforcement.
- MAAS assisted client to complete N244, provided covering letter, advised client to include all sale particulars as proof, that the property was up for sale and lender will recover full balance from sale, leaving client enough equity to look for private rental.
- MAAS provided client with copy of financial statement showing a reduced payment could be maintained if lender would agree interest only.

Outcome

- Client obtained hearing at which all information was presented and request made. As result, District Judge agreed to stay the Eviction for initial 3 months, then to have review hearing, in meantime requested the lender representative contact the lender at the hearing and agree interest only during this period, then all parties to review if no interest in property.
- The client agreed to reduce the sale price a further £5000 to facilitate interest.

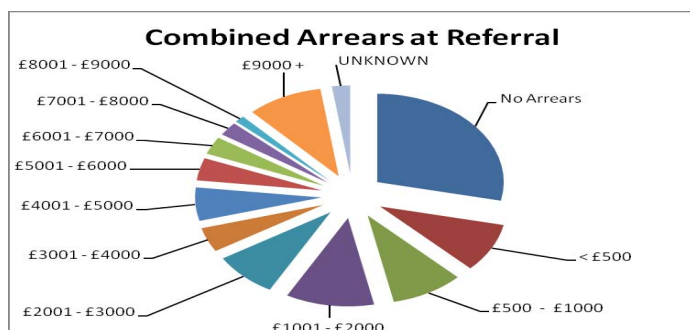
After 2 months the client received an offer and accepted, the client now lives in private rental and 3 months further on her health has improved considerably, she is no longer on medication for depression.

Level of Arrears at Referral

Through 10/11, MAAS noted a decrease in the number of referrals at the early stages of arrears, in comparison to 09/10. MAAS suggested this was likely due to lenders in the main, ensuring they adhered to the 'pre-action protocol' introduced as a guidance document for lenders, in November 2008.

Through 11/12, we can report whilst this has remained static for arrears levels at referral in the groups, >£500 up to £3k in arrears, we have noted a drop in those presenting without arrears; namely in the 'preventative' stage. Still the largest client group, those without arrears represent 29% of all referrals compared to 32% through 10/11. Again we would attribute this to the slight decrease in the number of 'preventative' cases and lenders adherence to the pre-action protocol.

Referrals with arrears levels between £4k and £9k again remain similar to 10/11 however, those with arrears over £9k represented 10% of referrals 11/12, an increase of 3% on 10/11.



As with 10/11, whilst results look to further support the theory that the 'pre-action protocol' is working, as lenders are taking longer to follow the enforcement process through, MAAS has found that where arrears are high, it is usual for a Possession Order or Suspended Possession Order to already be in place, which means when referred to MAAS, these are more likely to be the client group facing Eviction Notices.

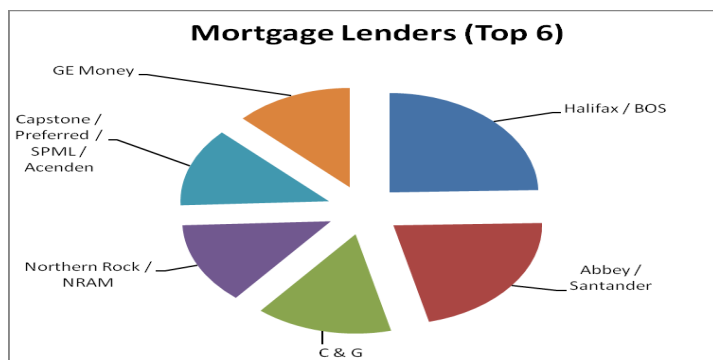
Mortgage / Secured Loan Providers at Referral

During 09/10 MAAS referrals represented 45 different mortgage providers (1st charge loans) and 34 different secured loan providers (2nd charge loans), 18 of which provided both 1st and 2nd charge lending.

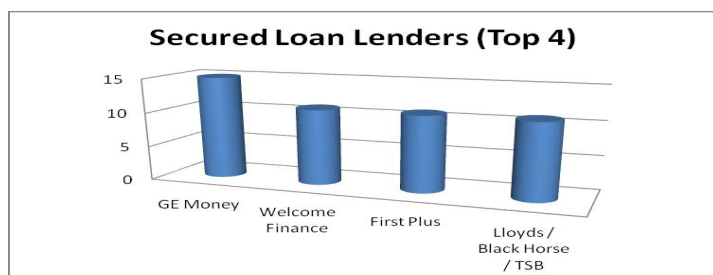
During 10/11 MAAS has seen an increase in providers of both represented by; 52 1st charge loans and 36 2nd charge loans, 20 of which provided both 1st and 2nd charge lending.

Through 11/12, the number of different 1st charge providers has remained at 52 however; the number of different 2nd charge providers has increased to 41. Sixteen institutions provided our clients with both 1st and 2nd charge loans.

As in previous years, we have seen an over representation of specific lenders, in relation to mortgage providers, the 'top 6' represented 46% of all lenders referred, an 8% increase on 10/11 and 12% increase on 09/10.



In relation to secured loan providers in 11/12; the 'top 4' represented 31% of all secured lenders referred, a slight decrease on 10/11 (35%).



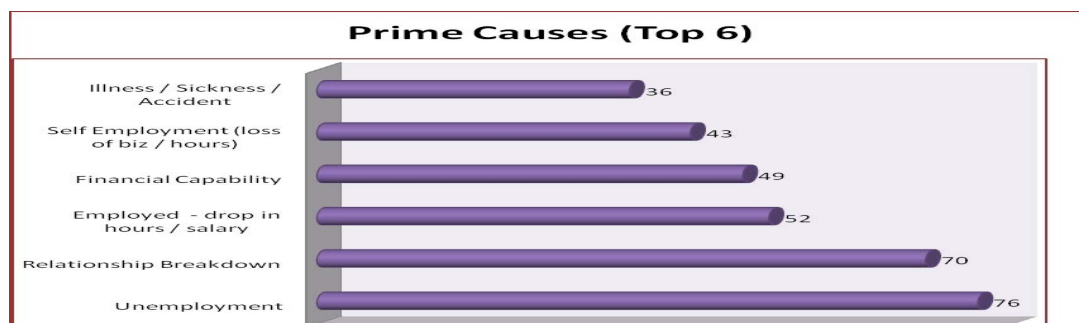
As with previous years, without knowing the current market share held by each lender during each financial year, we cannot estimate if referrals to MAAS are a 'pro-rata' reflection of the market share they hold.

However, in relation to mortgages and secured loans the top 5 providers of both referred to MAAS are consistent through 10/11 and 11/12. This may suggest that their customers are more likely to fall into difficulties with mortgage/secured loan payments and that these providers are still more likely to start enforcement at an earlier stage.

Overall GE Money still remain the only lender, providing both mortgage and secured loans to be in the top referral group since the project started April 2008.

Prime Cause for Referral

Reasons for the client falling into difficulty with mortgage / secured loan repayments can be varied, sometimes making the 'prime cause' difficult to identify as 1 single factor. During 09/10, after discussion with the MAAS Steering Group, we were able to improve our analysis of the main factors and be more specific when trying to identify the causes, with clients.



There have been some changes in the top 6 prime causes for referral to MAAS.

- | | | |
|-----------------------------------|-----------------------------|---------------------|
| • Unemployment | 11/12(18%) of all referrals | against 10/11 (11%) |
| • Relationship Breakdown | 11/12 (17%) | against 10/11 (19%) |
| • Employed – drop in hrs/salary | 11/12 (12%) | against 10/11 (6%) |
| • Financial Capability | 11/12 (12%) | against 10/11 (10%) |
| • Self Employed (loss of biz/hrs) | 11/12 (10%) | against 10/11 (16%) |
| • Illness / sickness/accident | 11/12 (9%) | against 10/11 (11%) |

The most noticeable changes are a 63% increase in real terms on 10/11, in those stating the prime cause for arrears is due to unemployment, along with those still employed but losing hours or salary doubling in number on the previous year. This would indicate clients are still being affected by the continued 'economic crises, where employers are either, having to reduce their work force, or place employees on short time.

Relationship breakdown remains the 2nd highest group. As 10/11 MAAS found clients felt, although there may have been a culmination of issues, they could not specifically identify what came first; clients felt it was 'inevitable' that the relationship would end despite other issues.

Upon talking to those clients, it was evident that other factors such as job loss, long term health problems, struggling with self employment and financial capability issues may have contributed to the breakdown in the relationship.

Those who are self employed and in difficulty has continued to decrease as a client group.

Year 09/10 saw this group representing 19%, 10/11 16% and 11/12 now decreased to 10% of referrals as a prime cause. As 10/11 reporting this could be due to fewer 'Self Certification' mortgages being available in the market place over the last 3-4 years, where less stringent credit checking processes existed in relation to affordability. It may also indicate, that the initial tranche of self employed traders/businesses, in a more vulnerable financial position is slowly petering out, leaving a larger sub group able to weather the storm for a longer period due to better financial stability.

Clients facing or due to be made redundant in 11/12 represented 5.6% of all referrals, which is a significant drop of 50% on 10/11.

Clients stating that financial capability was the prime cause for mortgage / secured loan difficulties during 11/12, account for 12% of all referrals, a 20% increase on 10/11. It was evident that in most cases, issues surrounding financial capability were historical in that most clients had re-mortgaged to consolidate previous debts, but then continued to apply for and attain further credit provision.

Clients access the MAAS service for a variety of reasons, although primarily we see those about to /or already in arrears, the less obvious causes for referral can be as stressful and have a dramatic affect on a client's wellbeing.

Through 11/12, only 8 clients were referred to MAAS in relation to 'mortgage term ending' as a Prime Cause.

However, all of these were elderly clients, some extremely vulnerable and lacking in financial capability following the death of their spouse. Although the majority could still meet their cmp*, they were not certain what would happen once the mortgage term ended and a balance remained outstanding. The Case Study below highlights this.

*cmp – contractual monthly payment

Case Study 3 - Mortgage Term Ending

Client referred to MAAS via bureau. Client was 75 and lived alone following the death of her husband 2 years previously. Client's husband had previously handled all financial matters and although the client found it difficult to manage financially, she had sufficient income to pay all priorities with some disposable income. Client advised with help from her daughter, she had found an Endowment Policy was in place to cover the Capital Balance on the mortgage, but letters she had ignored for 2 years stated there was a shortfall of approximately £20k. Client stated the mortgage term was due to end 12.11.12 and the mortgage provider had written to the client asking how the shortfall was to be repaid and had stated if she cannot repay it, she would have to sell the property.

Client asked will the lender evict her and what can she do to stay in the property?

At the appointment, the client attended with her daughter and had several items of paperwork and documents, in 4 carrier bags, some correspondence unopened and none in order.

Initially the first appointment was spent with the client and daughter collating this paperwork, during which the client was extremely emotional as had been delaying this for over 12 months.

An initial call was made to the mortgage provider to advise the client was seeking MAAS assistance, but a further appointment was needed to start this process.

At the following appointment, a financial statement supported that the client could maintain all essential and non-essential outgoings with some disposable income.

A benefit check confirmed the client was entitled to but not receiving full council tax benefit (ctb).

The client was advised regarding Endowment policies and possible options regarding reaching the end of the term of the mortgage. This included selling and the possibility that the lender may agree she could stay until either, the property becomes part of her estate following her passing or she decides to sell.

Action Taken

- Contacted Council Tax Benefits department and gave clients income details, confirmed full council tax benefit should have been in payment and back dated the claim.
- Contacted Endowment provider to confirm maturity was 12.11.11 and at last statement shortfall was £16k. Provider advised they had written to client several times with warnings regarding shortfall, as per FSA requirements. Provider advised payment would be paid directly to mortgage lender as per terms and conditions. Advised client if Endowment matures this year, not 2012 as client thought, it is highly likely the mortgage term ends at the same time. Advised the client contact with the lender was now urgent as client has 2 months to resolve this matter.
- Contacted Mortgage Provider who confirmed the mortgage also ends 12.11.11. Mortgage lender had already written to the Endowment provider and been advised of the shortfall and had calculated there would be approximately £16,400 capital remaining outstanding. MAAS discussed client's situation in depth, requested clients account was placed with specialist team. Following further discussion with the specialist team and the client / daughter, it was clear she wished to remain in the property until she passed away and it became part of her estate. Mortgage provider requested MAAS wrote to them advising client's situation leading up to this point in order it can be referred to Directors for consideration – the client agreed and felt she could not do this herself.
- MAAS composed letter to the lender requesting they respectfully consider the option to allow client to remain in the property until passing but also agree a lower interest rate for remaining period. The letter was read in full to the client over the telephone prior to sending to lender and MAAS requested the lender responded directly to the client. MAAS strongly advised the client to seek Independent Financial Advice (IFA) before changing her mortgage provision or signing any new terms and provided a list of regulated IFA's via the FSA website.

Outcome

- Council Tax back payment paid directly to the client was £845 and this client was now in receipt of full council tax benefit.
- The mortgage provider agreed to allow the client to remain in the property and reduced the interest rate to a 'special rate', decreasing the APR by a further 2%. In real terms this would reduce the balance by £4,500 if the client continued to repay at the same cmp. No restrictions on repayment term were entered into and the client took IFA and accepted this arrangement.

This client was extremely emotional during all dealing with MAAS and felt a weight had been lifted from her shoulders as a result of MAAS intervention and assistance. The client's daughter also contacted MAAS to thank us for our assistance as the family also felt out of their depth in advising the client.

Mental Health Issues

Within Prime Causes, MAAS also records 'mental health issues' as a category, relying solely on the client stating this as the reason for referral, thus ensuring no subjective 'judgment' within the terminology of 'mental health' by MAAS. During 11/12 only 2 clients presented stating 'Mental Health Issues' as the Prime Cause.

However as reported in our Q3 report to our Steering Group, both caseworkers had become increasingly aware of the number of clients presenting with 'mental health issues', but not necessarily being recognised or attributed as a prime cause for referral by the client.

When speaking to our Money Advice Team Supervisor and other Dudley District Bureaux Managers, it is evident we are seeing a generic increase across the board. Dudley District CABx are looking at other monitoring mechanisms at present in the hope that future funding may be found to assist us to provide a more relevant and comprehensive service to such clients.

Handling this 'group' of clients presents further stress on the MAAS caseworker both in time and energy, appointment times are much longer with clients needing frequent breaks, clients often breakdown and disclose highly emotional feelings / issues that may not have been previously disclosed to family members / friends.

How we arrive objectively at a decision that a client has 'mental health issues' is difficult, but MAAS started to note the number of clients clearly falling into the following categories, after their own admissions or discussion with MAAS during the appointment;

- depression / stress and under doctor / consultant / psychologist for medication
- under care of district mental health unit / PCT
- receiving counselling
- day patient or previous Bushy Fields patient
- comments such as 'feeling suicidal / previously attempted suicide' 'may as well end it all'

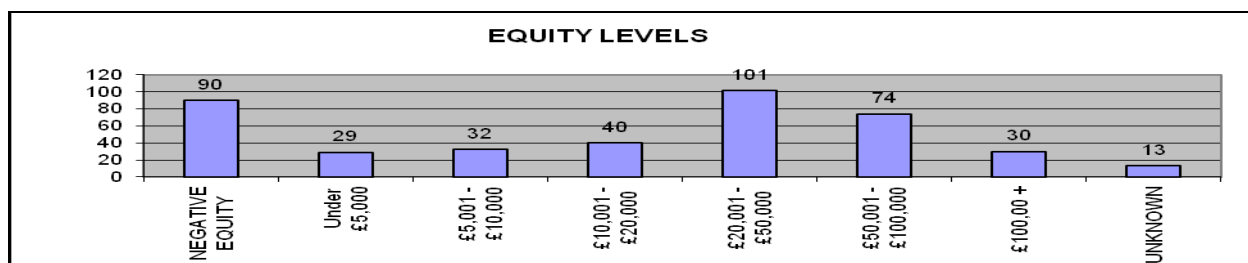
As we had only looked in depth at this during Q3, we had no current measure for comparison in previous Q's. However for the purposes of recording we noted the following clients fall into one of the above 'descriptors';

- ❖ Oct - 2 clients
- ❖ Nov - 5 clients
- ❖ Dec - 6 clients
- This represented 12% of referrals Q3
- ❖ Jan - 9 clients
- ❖ Feb - 5 clients
- ❖ Mar - 5 clients
- This represented 15% of referrals for Q4

**Please note, MAAS has not altered any 'prime cause' to fit into these descriptors and will still only continue to record as a 'prime cause' when a client themselves considers it to be so. We will however continue to monitor this issue separately within our Q reports to our Steering Group.*

Equity Levels in the property

Through 09/10 and 10/11, the largest group presenting to MAAS were those in Negative Equity. During 11/12, there has been a nominal decrease (4%) in this group however; they still represented 22% of all referrals.



Those presenting with Equity up to £10k has increased on 10/11;

- Under £5k 11/12 7% against 10/11 3.4%
- £5001 - £10k 11/12 7.8% against 10/11 4.9%

However the most noticeable increase has been those presenting with Equity between £20,001- £50k, representing 24.7% of all referrals 11/12, this is an increase in real terms of 89% on 10/11.

This is likely attributed to lenders recognising they are more likely to recover the full debt, or as close to it as possible; if enforcement went as far as repossession and eviction.

There has also been an increase of 40% in those presenting with more than £100k Equity.

As detailed in both 09/10 and 10/11 Annual Report, clients in these categories tend to be those who felt they were 'safe' to release capital in the property or take on credit, assuming they were in secure employment, higher earners or in latter years with plenty of equity.

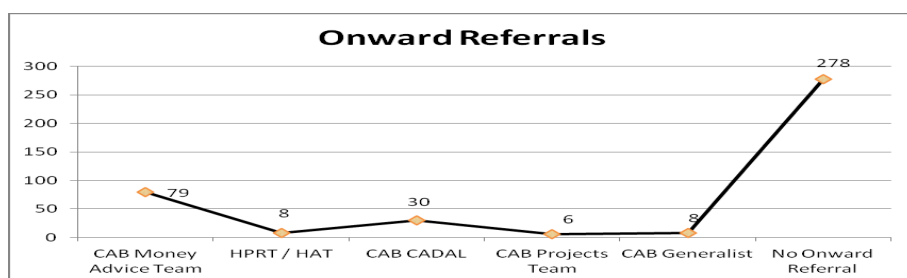
Unfortunately those clients presenting have then suffered an unexpected event such as long term sickness, loss of business or redundancy and cannot meet the top up to their 1st charge mortgage or the secured loan.

Also detailed through 09/10 and 10/11, we have continued to see a trend in the client group formerly or still self employed, having previously used re-mortgages or 2nd charge secured loans, to generate capital investment into setting up or trying to maintain their business. As stated in previous annual report's, this has produced a two fold effect, in that as well as losing a means of income, namely the business, they have also faced losing their home.

When looking at the prime causes for referral, clients presenting with Self employment issues, represented 10% of all referrals, of these; MAAS has calculated that 5% had used either a re-mortgage with their 1st charge lender or subsequent 2nd charge loan for this purpose.

Onward Referrals

As with previous years, MAAS has been able to provide a specialist service to clients, looking in depth at reasons for presenting to MAAS and as a result, identifying other issues the client may need assistance with. Whilst the MAAS service continues it's prime objective in assisting clients with mortgage and secured lending issues and preventing homelessness; it is important to recognise that some clients have underlying reasons & causes for finding themselves in this position.



The largest client group presenting to MAAS remains those requiring no onward referral, this has been consistent since project inception. During 11/12 this group represents 68% of all referrals, in real terms a 134% increase on the preceeding year.

There has been a significant increase in the number requiring onward referral to CAB Care and Disability Advice Line (CADAL), 7.3% of clients requiring referral, in real terms a 630% increase on 10/11.

MAAS has noticed an increase in the number of clients, either already in receipt of / applied for disability benefits, or being made aware at their MAAS appt that they (or a partner) may be eligible to make a claim for disability benefits.

This has been supported by the increase in the number of clients who have stated at our Preliminary Call to gather more information prior to appointment; that they consider there is 'a disability within the household'.

Referrals to CAB Money Advice Team (MAT) via MAAS, have decreased by 13% on 10/11, this could be due to an increase in the number of third party debt advice services, both fee and non-fee charging, however the biggest increase has been the latter. Sometimes clients are reluctant to leave these organisations as they make 1 payment and the provider pays all creditors and the stress associated with handling creditors distances them from the issue.

However the 13% referred to CAB MAT, have received face to face advice on all options open to them in relation to other priority and non-priority debts, contact with council tax recoveries, bailiffs, courts and providers solicitors to try and resolve matters, a comprehensive service not usually provided by fee charging organisations.

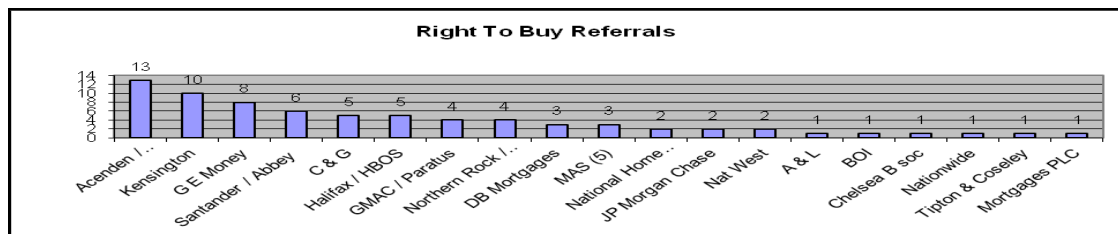
HPRT and HAT onward referrals have seen a further decrease during 11/12 (2%), in real terms this is a drop of 20% on 10/11. This drop highlights the continued effectiveness of the MAAS service and has been achievable for a number of reasons;

1. Continued funding for a 2nd part time caseworker and utilisation of existing CAB administrator, enabling MAAS to work effectively as a team, with clear roles. This ensured quality time with the client, which in turn has provided a greater outcome of resolution, avoiding the need to refer to HPRT and providing a sustainable 'prevention of homelessness'.
2. The MAAS project is now fully established with processes in place to ensure the service runs efficiently.
3. MAAS has kept up to date with developments in benefit and welfare changes, along with changes in mortgage /secured lending markets. This coupled with continual review of associated mortgage commentators, has ensured MAAS is fully aware of all options, changes that may affect or provide it's clients with a resolution.

Right to Buy Referrals (RTB)

During 11/12 out of 409 referrals, 73 (17%) were RTB, of which;

- Acenden / Capstone / SPML provided funding for 17% of all RTB's referred
- Kensington provided 13%
- GE Money provided 10%



MAAS has identified through previous years reporting, that the top providers for RTB seemed to be represented by what the finance industry would historically term as the 'sub-prime' lending market. This would be synonymous with Acenden (et al), Kensington and GE Money.

However, as with 10/11 reporting, MAAS has seen a significant share of RTB referrals coming from 'prime' lenders such as Santander / Abbey (8%), C & G (6%), HBOS (6%).

This may be due to the ongoing 'credit crunch' and it's long term effects on clients who may have been considered financially capable of maintaining their mortgage at a reasonable rate, but through loss of job, failed self employed business, find they too fall into arrears.

SMI changes (support for mortgage interest)

From 1st October 2010, changes to the standard variable rate at which housing costs assistance is paid to those in receipt of an eligible benefit*, reduced from 6.08% to 3.63%. The expected influx of clients who could not meet the increased shortfall did not materialise, with only 2% of all referrals to MAAS during 10/11, stating this was the prime cause.

During 11/12, this has reduced further to 1.4%, which would be expected, as changes were introduced over 15 months ago.

As with 10/11 reporting, MAAS referred to a further change in relation to income based jobseekers allowance (ib/JSA), where a '104 week rule' for receipt of SMI had started to kick in; meaning those who continued to be in receipt of ib/JSA after 104 weeks would not continue to receive SMI.

MAAS reported we would monitor the impact of this situation and as a pro active step, contacted the Benefit Distribution Centre (BDC) Manager of the 'mortgage section' to see if we could assess numbers that may present. Unfortunately this information could not be analysed by BDC and due to Data Protection Act, no information could be passed to MAAS regarding clients being affected by this change.

However, only 1% of referrals during 11/12 gave the prime cause as being the loss of SMI after 104 weeks of claiming IB/JSA.

*(income support / income based job seekers allowance, income related employment and support allowance and pension credit)

It is unclear why MAAS has not seen more clients present with SMI issues, both following the changes in October 2010 and in relation to '104 week rule'. However, as reported at year end 10/11, whilst liaising and negotiating with lenders during client appointments in general, it has become apparent that most lenders are less likely to pursue clients in receipt of housing costs assistance via Department of Work and Pensions (DWP), since they are at least assured that whilst the client remains eligible, they will receive a continued 4 weekly payment, even if short of the total due.

This is not the case with '104 week rule', as the benefit stops, MAAS will continue to monitor this effect.

Disability within the household



Of the 409 referrals to MAAS during 11/12, we have seen a further increase in the number of clients stating there was a disability within the household. Of the 409, 149 (36%) were in this group, an increase in real terms of 80% on 10/11.

As previously reported, during the appointment with MAAS, it sometimes becomes apparent a client may have entitlement to a disability premium on a benefit they are already receiving, or are eligible to make a new claim to DLA, ESA, IDB*. MAAS can make a specialist referral within Dudley District CAB network to either our Care and Disability Advice Line (CADAL), or a Generalist appointment to follow this up if necessary.

**DLA / disability living allowance, ESA / employment and support allowance, IDB / industrial disablement benefit*

It is important to recognise that whilst not all clients are going to find they are entitled to further income, these onward referrals can also alert them to or put them in touch with, other care and disability organisations for emotional support and advice on or provision of disability aids.

With the onset of the 'Welfare Reform Bill', we would expect an increase in the number of clients presenting to MAAS and CABx in general, for whom a re-assessment of their situation has meant a reduction in / or loss of some form of related disability benefit. Both CABx and MAAS will monitor this situation.

Benefits within the household

As part of the MAAS appointment, a full benefit check is carried out, but within this and the comprehensive information gathering stage of the appointment, it sometimes becomes apparent that either the client is not receiving their full benefit entitlement, or is unaware they could make a claim. The aim is to try and maximise their incomes, this may include identifying an eligible benefit.

At last reporting for year 10/11, MAAS advised a drop in the number of households presenting who were already in receipt of benefit entitlement (59%) against 09/10 (77%). Although MAAS provided possible reasons for this, conversely 11/12 has seen an increase, representing 79% of all referrals.

This may be an indicator to the number of clients becoming reliant on benefits due to loss of employment, reduction in working hours / salary and becoming eligible to claim income based benefits.

We should also consider the increase in disability within the household reported previously, which would be in line with an increase in clients referring in receipt of disability benefits.

This would also concur with the increased number of clients referring with mental health issues around stress / depression and claiming ESA, DLA.

Government Mortgage Rescue Scheme (MRS)

MRS has been running for over 3 years, primarily to provide a resolution to homelessness for owner occupiers.

It is important to highlight as in previous MAAS / HPRT reports, we would expect numbers of referrals to be as low as possible to MRS, since it is the aim of the project to find other resolutions to the clients issues.

As clients have become more aware of possible options to avoid arrears or further enforcement, some have specifically requested to be referred to MRS. However, when advised of the criteria for referral, for some the realisation was that MRS is not an 'option' to be chosen, but moreover, a 'last resort'; should all the criteria be met and where no other resolution applied.

During 11/12, after identifying not only were all other options exhausted or unavailable to the client, MAAS referred 7 clients to HPRT, for possible MRS. At the time of reporting, MAAS has been advised;

- 1 was successful and completed May 2012
- 1 is progressing and is at survey stage
- 1 failed to respond to further contact from HPRT and MAAS – this case was closed Dec 2011
- 1 failed as not fit for purpose – 3 bed single occupant (MAAS had advised this was likely, but client had insisted on referral)
- 1 managed to pay arrears, this was a previous Eviction stage client for which MAAS had completed N244 and lender agreed to stay Eviction. MAAS is unsure how the arrears were repaid and suspects this particular client will present again to either MAAS or HPRT, due to the level of further secured debt, charging orders and non-priority debts.
- 1 decided to accept lenders Assisted Voluntary Sale option and this is currently progressing.
- 1 referred to HPRT in Feb 2012, no update as yet.

HPRT's total referral's to MAAS for 11/12 were 50 and on occasions case managers noted the referral as being specific to MRS, if no other resolution could be found to stop further enforcement to Eviction.

Within the 50 HPRT referrals, 15 were identified for MRS and of these;

1 is with Orbit and an offer letter has been sent.

1 is with Orbit and the process is continuing.

8 were reported as not meeting criteria for referral to Orbit for various reasons.

5 are with HPRT – awaiting update.

Through 10/11, both MAAS and HPRT had attended the regular Quarterly Stakeholder Meetings organised by Orbit, the RSL currently operating MRS for Dudley. Representation at these meetings, particularly by CLG were stating stricter scrutiny of cases had been adopted due to the level of referrals and allocations were reduced for many Local Authorities.

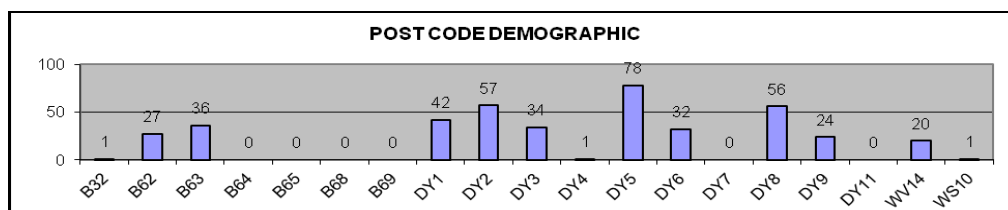
The resolution by all parties was, that not only should referrals need to meet all of the referral criteria, only the most vulnerable clients would then be considered. HPRT would only refer onto Orbit those where, adaptations had already taken place within the home to facilitate disability, or where several dependent children lived.

However during 11/12, this strategy changed, mainly due to most stakeholders, adhering to their allocations and not referring any that they may have previously referred; for instance where they may have been just over the property cap, or a little more than 25% equity etc.

As a result, uptake declined and CLG reported that central funding available may not continue to an Authority at that level, if they cannot show a need. After some confusion, CLG actively encouraged all Local Authorities to revisit any cases they may have referred previously and to continue referring all cases even if slightly over criteria, or met most, but not all of the criteria.

With the Welfare Reform Bill and extensive shake up of the benefit system, some commentators namely CML are suggesting it is only a matter of time before funding is pulled, but as yet there is no 'serious' information or discussion at a level that would suggest this.

Post Code Demographic



During 11/12 over half of all referrals are from 4 specific post code areas;

DY1 10.3%, DY2 13.9%, DY5 19% and DY8 13.6%.

All four areas have remained in the top 6 post code demographic for referral since project inception.

DY1	Dudley Town Centre, Holly Hall, Russells Hall, Wrens Nest
DY2	Dixons Green, Netherton, Saltwells
DY5	Brierley Hill, Brockmoor, Merry Hill, Pensnett, Quarry Bank, Silver End
DY8	Norton, Oldswinford, Stourbridge Town Centre, Wollaston, Wordsley

However, we have also seen a further increase on 10/11, in clients presenting from post code areas;

DY3 up 66% (in real terms on 10/11), DY5 up 37%, DY6 up 4% and DY8 up 2.3%.

DY3	Gornal Wood, Lower Gornal, Sedgley, Swindon, The Straits
DY5	Brierley Hill, Brockmoor, Merry Hill, Pensnett, Quarry Bank, Silver End
DY6	Kingswinford, Wallheath
DY8	Norton, Oldswinford, Stourbridge Town Centre, Wollaston, Wordsley

We should also note a decrease in post code areas; B62 down 12%, B63 down 29%, DY1 down 11% and WV14 down 9%.

B62	Halesowen - Long Lane, Manor Lane
B63	Halesowen - Hagley Road, Stourbridge Road, Windmill Hill
DY1	Dudley Town Centre, Holly Hall, Russells Hall, Wrens Nest
WV14	Bilston

Whilst we have not found any specific reason or prime cause for any of the increases or decreases, there has remained a variable pattern of those identified as being the most likely to present for assistance from MAAS. Of these DY1, DY2, DY5, DY8, B63, remains the highest historically, with DY2 and DY5 the highest through 10/11 and 11/12.

In order to reach as many clients as possible, in particular those with greatest need, CAB continues to provide established outreach projects at children's centres and doctors surgeries and has increased opening hours under 'additional hours funding' at 3 of our 4 District Bureaux.

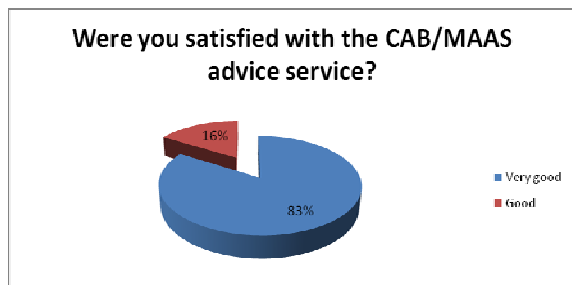
Funding permitting, CAB will endeavour to focus and 'target' those arrears and clients identified as being in greatest need, where social deprivation is highlighted, not only those clients entering the CAB service; but working with the local authority and other third party organisations to improve service to Dudley residents.

Client Satisfaction Survey

Dudley District CABx completes an annual client satisfaction survey, both for all project areas and individual bureaux. This is conducted using random selection and clients are either asked to complete a survey at the end of their appointment, telephoned if previous clients or forms sent out by post.

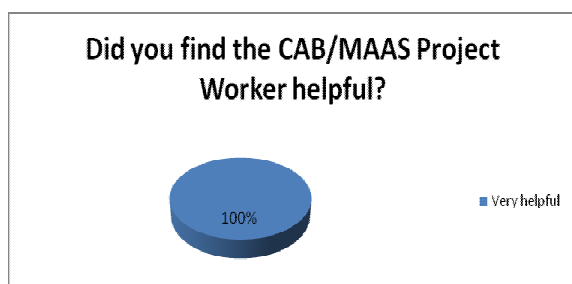
The aim of this annual survey is primarily to ensure we deliver the best possible service, regardless of the issue the client presented with. However we also use this information to see where the service can be improved.

As part of this process, MAAS clients were also involved and responses to some of key questions were;



Comments were;

“..thank you very much..” and “adviser put me at ease – very good..”

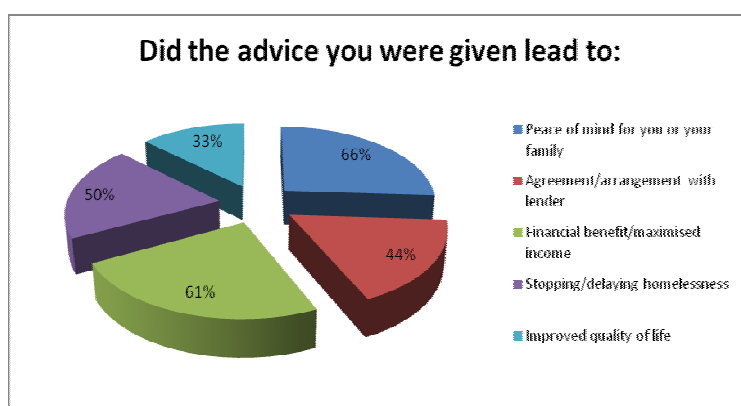


Comments were;

“..adviser very knowledgeable, very reassuring, helpful and informative..”

“..unbelievable – put me at ease..”

“..Adviser very helpful. Put my mind at rest..”



Comments were;

“..less stressed..”

“..stopped eviction..”

Conclusion

Influencing change

Working to influence change remains an important part of the CAB service. Once again we have completed evidence reports on trends where changes need to be made nationally. We have identified cases where clients were in danger of losing their home due to the "104 week rule". This is for clients who have been on Income-based Job Seekers Allowance for 2 years and their help with mortgage interest ceases. We have also highlighted cases where clients have been on Incapacity Benefit for many years and when migrated to Employment and Support Allowance (ESA), have not passed a medical assessment resulting in loss of income or reduced income. These clients have been referred internally to bureaux around the District for more in-depth Welfare Benefits advice and support. Dudley District Citizens Advice Bureaux continues to influence policy locally by meeting with Department of Work and Pensions quarterly, attending Homelessness Strategy and Child Poverty Strategy groups and consultation meetings with Dudley MBC Benefits Section and Revenues. Citizens Advice has influence because our social policy work is rooted in the experiences of real people, and based on actual evidence.

The future

We will continue to ensure that the clients using the MAAS service, who are often in crisis, can access the service at a time of uncertainty with regards to cuts and the welfare reform which was introduced to parliament on 16th February 2012. The Government's welfare reform agenda is already having a significant impact on thousands of families and individuals; the scale of change is huge. This is the biggest reform of Social Security for over 60 years. Every area of the benefit system is set to change as £18 billion is to be cut from the welfare bill by 2014, which will have a massive impact on our clients. The bill proposes a number of changes to the Welfare System. The majority of these will not come into effect until 2013 but we will continue to monitor how they will affect the most vulnerable in our community. The main proposals are that the benefit system will be replaced by a single Universal Credit which will be an income related payment depending on the personal circumstances of the claimant depending whether or not they are in or out of work. As well as a standard allowance to cover basic living costs it will also include elements for housing and children plus elements for disability or caring responsibilities. The amount received will depend on needs and circumstances but there will be a cap on the total amount of benefits that working age people can receive so that households on out of work benefits will no longer receive more in benefits than the average net wage for working families. This is likely to impact on clients with mortgages as they struggle to maintain payments.

We are aware the planned changes will generate significant additional demand on all bureaux services. The transitional nature of the changes (with effectively three systems in operation) will result in additional complexity. Changes to payment amounts, method and frequency of payment have the potential to cause hardship and are likely to cause increased demand for this vital service.

The Project workers will continue to work closely with all Housing Advice Team staff to promote the service and will market the service both within Dudley District CABx at paid staff and volunteer adviser meetings and work with Dudley MBC staff to promote the service using the media. We will continue to monitor statistics for the Project and report on this quarterly.

Following on from the Westminster Briefing (10/11) entitled "Mortgage Support and Repossessions: Advice, Finance and Forbearance." Frankie Daniels has been invited to attend a further briefing in June 2012 entitled "A Vision To End Rough sleeping? : Tackling Homelessness in Tough Times. Frankie will report back to HPRT and CABx.

We will continue to show evidence of the role advice can play in tackling poverty and reducing homelessness and will continue to ensure the most vulnerable receive help to enable them to enjoy rewarding lives. This work is extremely rewarding for all those involved because of the tangible impact on people's lives resulting in them being able to stay in their own homes.

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